

Procurement Memos on Right Track but In-sourcing Still an Issue

Stan Soloway praises the Obama administration's procurement memos as evenhanded, but in-sourcing is still an issue.

- By Stan Soloway
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The Obama administration released this week the first in a series of much-anticipated policy memorandums focused on federal acquisition. The new guidance focuses on contractor past performance, managing the multi-sector workforce, and improving acquisition. President Barack Obama directed Office of Management and Budget to develop the guidance in his March memorandum on contracting. Additional guidance on inherently governmental functions, enhancing competition, and more will follow in September.

In simple terms, the administration deserves enormous credit for the quality and thoughtfulness of the guidance released July 29. Each of the three policy papers reflects real thought and balance and, together and independently, help set the stage for the kind of meaningful and productive dialogue and process improvements that are so badly needed.

The guidance on contractor past performance reiterates a critical tenet of acquisition that has been allowed to lay unaddressed for too long -- that is, that past performance is often the best predictor of future performance. As such, the guidance lays out the path forward for reinvigorating the past performance system and ensuring that it has its proper place in the acquisition process.

The guidance on improving acquisition is also important. Overall, it, too, reiterates some basic structural and process elements that are too often ignored or inadequately understood. Moreover, its focus on improvement, as opposed to pointing fingers, is a critical shift from where the discussion has been for the last several years.

The most significant document is that which deals with managing the multi-sector workforce and how to approach the possible in-sourcing of contracted work. Consistent with (unfortunate) legislative direction, the document makes clear that in-sourcing must be considered in a range of circumstances. But it also properly and thoughtfully sets forth a decision process that provides agencies the requisite flexibility to do the right thing for their missions and the taxpayer.

Indeed, the document intentionally and overtly strikes an impartial tone, which itself is a welcome and notable relief from the jingoistic tone that has been struck by those whose focus is far more parochial than substantive. The same is true with its treatment of the multi-sector workforce. There, the guidance lays out very reasonable and impartial guidelines for assessing both agency need and agency capability which, together, help drive smart sourcing decisions.

In sum, the administration's first substantive acquisition policy foray offers a positive direction and opens the door to important improvements that will both serve the public's interest and help improve confidence in the process. Unfortunately, even as the guidance was being developed, numerous components, particularly but not only in the Defense Department, have launched their own in-sourcing and acquisition policy initiatives that are to varying degrees inconsistent with the new administration

guidance and, frankly, inconsistent with the best interests of their departments or the taxpayer.

When it comes to functions that are neither inherently governmental in nature nor so critical to mission performance that they really should be performed by government employees, there must be a disciplined process associated with any in-sourcing decision. That process must carefully consider accurate, total, life cycle costs, performance and the availability of talent. Simply put, it is both fair and important that agencies be required to assess the full range of factors that should inform any sourcing decision. As taxpayers, we should demand no less.

Unfortunately, that discipline appears to be missing in much of the field's early in-sourcing activity. Perhaps this would be a good time for everyone to step back and carefully consider the president's directive and guidance. In so doing, perhaps they, too, can step up.



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